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AN INTRODUCTION TO

B U S I N E S S I M P R O V E M E N T A R E A S



Ontario

Ministry of
Municipal
Affairs

Bernard Grandmaître, Minister



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For nearly twenty years, business people across Ontario have been teaming up with their neighbours to fight back against the physical decay and economic stagnation that threaten so many downtown areas. The tool that has helped them revive these areas is the Business Improvement Area concept.

This booklet explains what a Business Improvement Area is and how it works.

The success of a Business Improvement Area depends on the commitment of its members. Only with that commitment will business people across the province be able to bring renewed economic vitality to their business areas.

Bernard Grandmaître
Minister of Municipal Affairs



PROGRAM FOR
RENEWAL
IMPROVEMENT &
ECONOMIC
REVITALIZATION

I N T R O D U C T I O N



“Business changes every day. If you don’t adapt to the marketplace, you won’t survive.”

Dayle Rasmussen,
Admin. Assistant
Old Markham Village BIA

This is Bloor West Village, a prosperous and attractive retail shopping area in Toronto’s west end. Toronto is one of the most competitive retail markets in North America. The potential sales are huge, but the transportation network is so efficient that shoppers can easily choose between large regional shopping malls, literally dozens of smaller plazas, one world-famous downtown shopping centre, and many impressive shopping areas.

It is a tough market to survive in, but Bloor West Village has done very nicely. In the past 20 years it has established a unique position as a friendly, pleasant neighborhood filled with interesting shops and restaurants, a position reinforced by clever advertising and promotion programs. Now, according to Alex Ling, a prominent local businessman, “people even come here to stroll during the winter when the outdoor cafes are closed and the weather is crummy, just because they are in the habit of walking in this area.”

Over the past two decades the area has improved steadily: the mix of businesses in the area has changed – where there were once nine gas stations only one remains – and the value of retail space has increased substantially, to match the increase in sales and the improvements in the economic environment of the area.

Bloor West Village is a roaring success. But only 20 years ago it was close to becoming a retail slum. Vacant storefronts pockmarked the street, the area was rundown and unkempt, and property owners made no attempt to keep their buildings in good repair – in part because business was so bad they couldn’t afford it.



What had happened to Bloor West Village has happened to dozens of other urban shopping areas in cities and towns across Ontario: time – and the competition – had passed it by. But what Bloor West Village did about it provided the model that has been followed by more than 200 shopping areas in communities across Ontario, and hundreds more in four other provinces. The beleaguered businessmen of Bloor West Village invented the Business Improvement Area concept.

There were two fundamental causes of the economic decline of the Village, and they will be familiar to merchants everywhere. The first was the opening of a new suburban shopping mall that drew customers from a wide area – including Bloor West. The second was changes in the transportation system – in this case the replacement of street cars by a subway – that made it easier for shoppers to travel to competing downtown business districts. “When the subway opened, our customers went underground” says Alex Ling.

That general theme, if not those specific details, will be familiar to merchants almost everywhere. In Windsor, for example, the withdrawal of a major department store from the downtown area to relocate in a shopping mall was a crucial factor in the decline of an important urban shopping area. In Ottawa, the simple failure to improve the downtown core on a consistent basis was enough to cause the area to deteriorate – “the classic downtown,” says Peter Mercer, who now manages the Business Improvement Area, “going down the tubes, losing its place in the market.”

Each of those areas – and many others in Ontario and elsewhere – have used the unique form of organization invented by the businessmen of Bloor West Village to reverse the deterioration of their areas and restore prosperity to their businesses. That type of organization is known as a Business Improvement Area, or BIA, and it is a simple idea: businessmen in a specific geographic location join together with the help of their municipality to organize, finance and carry out physical improvements and economic revitalization for their district.

In the case of Bloor West Village, the idea was the child of despair. “We started out with a business association, going door-to-door trying to collect money from the retailers for local improvements,” says Alex Ling, the past chairman of the Bloor West Village BIA. “The problem was always the same: there were only a couple of businesses in each block that would contribute, and nothing ever got done.”

So a group of business people from the area went to City Hall with an unusual proposition: if we can get a substantial majority of the businesses in our area to volunteer to pay a special levy, they asked, will the city collect the money as



“They made a deal with city hall – and it worked.”

Gary Wright
Supervisor of
Community Renewal
and BIAs
City of Toronto

“Forming a BIA won’t solve any problems for you. But it provides a framework that makes it possible for you to solve your problems for yourself.”

Vicky Brownscombe
Chairman
Ingersoll BIA



part of the business levy and turn it over to our association to be used for local improvements? The city agreed, and eventually the first Business Improvement Area in the world was formed. “Seventeen years later,” says Alex Ling, “the honeymoon is still going on. We love it.”

That deal – a special levy to be used to improve the area – is the basic element of every Business Improvement Area, but making the idea work is not quite as simple as it sounds. In the case of Bloor West Village, for instance, it took two years to win the support of the business community. But the success of the BIA concept since then has persuaded more than 200 other business communities in Ontario – some with as few as 22 businesses, others with almost 2,000 – to organize Business Improvement Areas of their own.

They did that because a BIA is a highly effective way of revitalizing business districts. They work. The rest of this booklet explains how they work, and how they can work in **your** community.

W H A T I S A B I A ?

A Business Improvement Area is essentially an association of business people who join together to promote their mutual interest. As in most business associations, those interests mainly involve increasing sales and profits.

But while a BIA has much in common with other kinds of business associations, a number of features make it unique. It covers a specific geographic area, and can only be established through a by-law passed by the municipal council at the request of the local business community.

Once a BIA is established **every** business within the geographic limits is automatically included in the membership, and contributes to the BIA's budget. And the organization is financed by a special levy on municipal business taxes in that area. The levy is collected by the municipality but administered by the BIA to implement its program of activities for that year.

The BIA program usually involves improvements to the physical environment and appearance of the business area, and economic re-development programs like area-wide promotions and advertising campaigns. They are typically planned and implemented by committees of local business people, with the support of municipal council, the general business community and participation by local merchants.

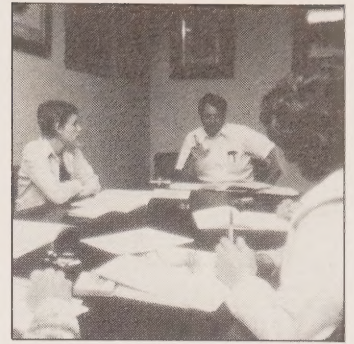
Some BIAs may have a paid, professional staff, but many operate on the basis of volunteer labour donated by the business people who are the members. A consultant retained to study the operation of BIAs concluded that "the first and probably the most important key to success is the hiring of a manager to take over many of the duties normally carried out by volunteers."

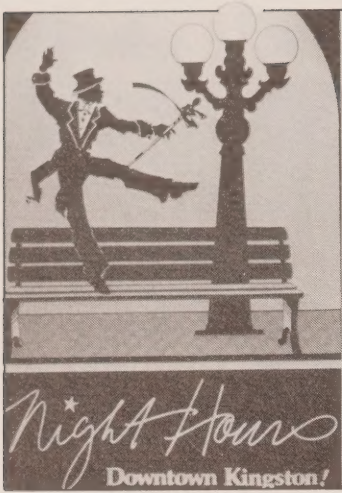
On the other hand, many successful BIAs are run entirely by volunteers – Bloor West Village is one example. In the city of Toronto, where there are 28 BIAs in operation, only two use paid professional staff.

In either case enthusiastic support and participation by the member businesses is absolutely essential to the BIA; few projects can be successful without it.

The overall administration of the BIA – and the allocation of funds – is directed by a Board of Management which is appointed by the local municipal council, usually on the recommendation of the business community.

The advantages of this form of organization are clear: it provides a structure that allows separate and sometimes competing businesses to co-operate for

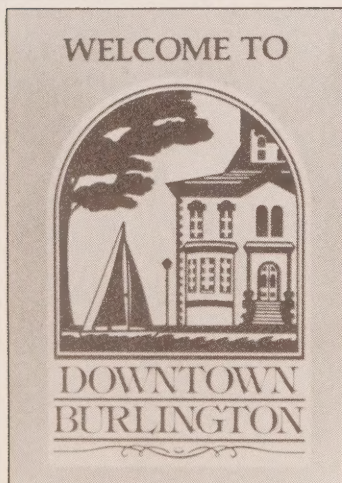
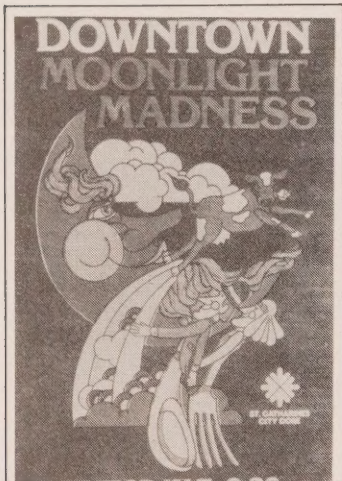




their mutual benefit, and it establishes a mechanism for long-term and assured funding for the organization. The quality of the Board really determines how successful the BIA will be. The Board members have to be willing to carry a lot of responsibility, but they also have to be able to get support from the members for the BIA's projects.

This form of organization allows a large number of independent businesses to adopt the same centralized management techniques, shared projects, and unified promotion and advertising methods that have made the shopping centres and malls – their main competitors – so successful.

In effect the BIA is a self-help organization supported by the municipality, but the most important element by far is the local business community. Widespread and continuing support from a very large proportion of the local businesses is essential to the success of a BIA.



“Making your neighborhood look better is only the first step, but it’s an important step. Nobody wants to shop in a slum.”

Clinton Collier
Former Exec. Dir.,
Oshawa BIA

W H A T A B I A D O E S

The principal function of a Business Improvement Area is to improve business. A BIA does this by two means: one is the improvement of the physical environment in the area; the second is the economic redevelopment of the local business community through area-wide promotion and advertising. Both methods are used by virtually every BIA, but the way those elements are combined depends on the special circumstances affecting each one.

The value of improving the physical environment is self-evident to most business people, especially retail merchants. People want clean, interesting and attractive places in which to live, work, shop, eat and be entertained, and they consciously choose areas that provide those amenities, and avoid areas that don't. Attractive shopping areas, a wide variety of easily accessible shops, convenient parking and beautification projects – the use of benches, flower beds and planters, special street lighting, improved streetscapes – all help to attract business.

All of those projects can be undertaken by a Business Improvement Area and funded from the special levy collected from businesses within the BIA boundaries, with one qualification: the money can only be used for improvements to publicly-owned property, not individual stores or offices. The common funds have to be used for the common good.

In addition, the BIA can – and invariably does – encourage its members to improve their own properties at their own expense. It may also help local businesses to improve their area by organizing programs like streetscaping designs, improved pedestrian level lighting and eye-level signs – programs that enhance the attractiveness of the area, and promote the image of it as a coherent, well-organized commercial district.

BIAs may also spend the money collected through the municipal tax system for marketing, advertising and promotional campaigns that benefit the entire area. The campaigns may involve organizing community events, designing eye-catching graphics and logos to promote the area, astute public relations programs and advertising campaigns that enhance the image of the area.

Some BIAs publish their own newsletters and flyers. Other BIAs have found other methods of promoting their areas. For example, the Downtown Rideau BIA in Ottawa maintains a high public profile by commenting frequently on civic issues, and sponsors an annual rock music concert – activities that help keep the BIA in the public eye.

Still others have organized seminars and workshops to help their members improve their merchandising methods and marketing skills – for example,





workshops on effective window display or in-store promotions. A great deal of experience has been gained on effective promotion and advertising through BIAs, and this is now available to BIA members across the province. The value of BIAs is precisely that they provide a mechanism for organizing and financing programs that would not be available to independent merchants by any other means.

H O W A B I A I S F U N D E D

“Everybody has to help run the BIA, and everybody has to support it.”

Sean O’Conner
Chairman
Kirkland Lake BIA

Each BIA is run by a Board of Management appointed by the municipal council, with at least one municipal councillor as a member. That Board prepares an annual budget for the BIA, and normally has it approved by the annual general meeting of the members. The budget is then submitted to the municipality for approval.

If approved, the municipal council adds a special levy to the business tax paid by every business tax payer within the BIA boundaries. For each business the amount of that levy will be related to its realty assessment; in general, if a business’ assessment is .005 per cent of the total realty assessment within the BIA boundaries it will also pay .005 per cent of the total BIA levy.

This is a fair and equitable means of funding the BIA. Everyone pays their fair share.

To determine the amount of the levy to be paid by any business, divide that firm’s realty assessment by the total realty assessment in the BIA and multiply by the BIA annual budget. The product is the BIA levy for that firm.

For example:

If a store’s realty assessment is **\$4,500**
and the total realty assessment
(of business tax payers)
in the BIA boundaries is **\$116,000**
and the annual BIA budget is **\$5,000**
then the store’s BIA levy is

$$\frac{\$4,500}{\$116,000} \times \$5,000 = \$194$$

The municipal council may also set minimum and maximum contributions from any establishment, or set a special charge for any business which derives greater or less than average benefits from the BIA.



THE ROLE OF THE MUNICIPAL COUNCIL

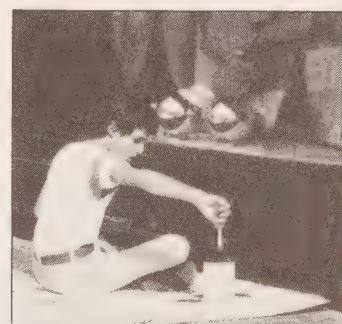


The local municipal council plays a major part in ensuring the success of a BIA. The council must adopt the by-law establishing the BIA, appoint the BIA Board of Management, approve the BIA annual budget, and collect the money to fund it. In addition, the council must be sympathetic to – and actively support – the projects initiated by the BIA.

There is a large element of mutual benefit in this. From the municipality's point of view, the BIA represents an opportunity to maintain and even increase the realty tax base, at virtually no cost. The businesses that form the BIA represent that rarest of breeds, a group of taxpayers who volunteer to pay more taxes to help fix up their own area. In addition the revitalization and redevelopment of urban commercial areas usually prompts a similar improvement in adjoining residential areas. The entire community has a stake in the success or failure of the BIA.

The municipality contributes to the BIA in many ways. It can help the BIA find funding for special projects, for example, or provide the services of municipal employees.

The municipality should also be intimately involved in the growth of the BIA, by establishing policies and taking actions which are conducive to the expansion of the business community. For example the municipality may assist in the assembly of vacant or under-utilized land to spark redevelopment in the downtown area, or provide incentives to development – perhaps through



“The entire community has a stake in the business district.”

Dorothy Mead,
Manager
Peterborough BIA



concessions on density or parking requirements – that the BIA itself could not provide.

In addition the municipality can aid the physical renewal of the business district through its public works program. Sprucing up municipally-owned buildings, for example, or integrating improvements which benefit the entire community into the BIA – acquiring a run-down property and converting it to an open park, for instance – can add enormous support to the beautification projects undertaken by the BIA.

Physical renewal must be accompanied by economic revitalization, and the municipality can also make a substantial contribution in this area by helping to recruit new businesses to locate in the BIA, developing and implementing a marketing strategy, and insuring that municipal commercial development policies do not undermine the position of the BIA in the overall marketplace. In addition, regular meetings should be held between the BIA, municipal politicians and municipal staff, to ensure that a rapport exists and that information is regularly exchanged.

A successful BIA can be a great credit to its community. Municipal politicians and staff can do a great deal to encourage and expand that success.

H O W T O E S T A B L I S H A B I A

“Competing businesses can co-operate for their mutual benefit.”

Rowland Ziengenfuss
Chairman
Thunder Bay BIA

The initiative for establishing a BIA should originate with the local business community. If a significant number of businesses indicate some interest in investigating this form of organization the Ministry of Municipal Affairs will provide technical assistance and information through its Community Renewal Branch. The telephone number and the address of the branch can be found on the last page of this booklet.

Expert community planners are available to help organize information meetings and workshops on local problems and the usefulness of a Business Improvement Area in overcoming those problems.

An extended process of consultation and discussion within the business community is usually necessary to build support for the concept of a BIA. Each community has its own specific problems and needs, and the first step in the establishment of a BIA is an analysis of the special needs of your own community, and of the ways a BIA might be able to address those needs.

This analysis has two purposes. One is to increase awareness within the business community of the existing problems and the possible solutions. The



second is provide the initial agenda for the incipient BIA by setting priorities and goals.

As this stage you should not be concerned with formal studies or detailed investigations. Instead you should be involved in a general discussion of your business district, its problems, and its potential. The Community Renewal Branch of the Ministry of Municipal Affairs can provide you with a checklist of common situations affecting business districts which may help you. Note that it is important to involve representatives of all sectors of the business community at this stage.



These initial discussions should indicate if the idea of a BIA will be supported in your community. They will also help identify the principal issues and problems to be attacked by the BIA, and to formulate some specific objectives. It is important to remember that both the physical environment and the economic climate must be considered in a comprehensive approach to the problems of your business district.

Merely “sprucing up” the physical environment will not succeed in attracting customers back to the area; providing the right mix of services and retail stores is a better guarantee of improving pedestrian traffic. On the other hand, meeting the needs of potential customers won’t work unless the physical environment is also made more appealing. Both approaches must be used.





Once objectives have been established and organized into a set of priorities, you should calculate the cost of achieving each of those objectives and set a tentative budget. This budget should be as realistic as possible, and you may wish to provide optional costs for each item as a basis for discussions.

The purpose of this budget-setting exercise is twofold: it tends to sharpen a general discussion of objectives – a “wish list” – into a set of achievable targets; and it answers many questions about the proposed BIA, by allowing you to calculate the approximate levy required from each individual business.

At this stage you should also establish the proposed boundaries of the Business Improvement Area. Shopping districts in many towns are easily recognizable and will form the basis for the boundaries of the BIA. In other communities natural features – a river, a main road, a group of historic buildings – will help establish the borders of the BIA.

It is most important that a substantial majority of the businesses within the proposed boundaries support the designation of a BIA. In general, businesses that want to be included should be.

When the boundaries of the proposed BIA have been established, inform everyone within those boundaries that a BIA is being considered, and about the benefits that the BIA is expected to bring to the area and the expected costs.

All interest groups in the business community should be included in this information program. But it is particularly important to involve existing community groups and associations – the local Chamber of Commerce, for example – and the municipal government. Both can provide invaluable assistance during the initial stages of forming a BIA. For instance, the municipal treasurer can provide information to help you set a realistic budget.

When sufficient support exists for the BIA, a formal request for a BIA designation must be sent to the municipal council. The request should describe the proposed boundaries, the plan of action you have developed, the suggested budget, and an indication of the degree of support for the project among the businesses within those boundaries.

At this point the clerk of the municipality is required to send a letter to every business within the proposed boundaries notifying them of the BIA proposal. If more than one third of the businesses object, then the by-law cannot be passed.

If there are one or more objections the council may still pass the by-law, but it must be submitted to the Ontario Municipal Board for approval.

C O N C L U S I O N

The establishment of a Business Improvement Area has clear advantages for both the business community and the municipality. For business people, it is the key to developing a more attractive physical environment and a more successful business community. For the municipality it is an opportunity to strengthen the municipal tax base, halt the deterioration of surrounding neighborhoods, and improve the municipality's image.

To be successful the BIA must have support from both the business community and the municipality. Business people will always encounter the problems of competition and a changing economic environment; municipalities will always face the issues of urban decay and renewal. The Business Improvement Area provides a mechanism which allows both to co-operate in resolving these issues.

But there is no free lunch. The BIA demands a substantial commitment of time and effort from its members, not only in the initial stages, when enthusiasm is high, but over a period of years. It requires widespread support within the business community, which means that **all** sectors of the community must be willing to participate in BIA projects. In return, those projects must benefit everyone.

Establishing a BIA can provide great rewards: increased sales and profits, a more successful and active business environment, a more beautiful community, and a restored sense of civic pride. It is these rewards that have prompted more than 200 Ontario communities to establish their own Business Improvement Areas.

The Ontario Ministry of Municipal Affairs provides expert advice and technical support – including literature, seminars and workshops – to Business Improvement Areas through its Community Renewal Branch.

For assistance or further information,
telephone (416) 585-6013

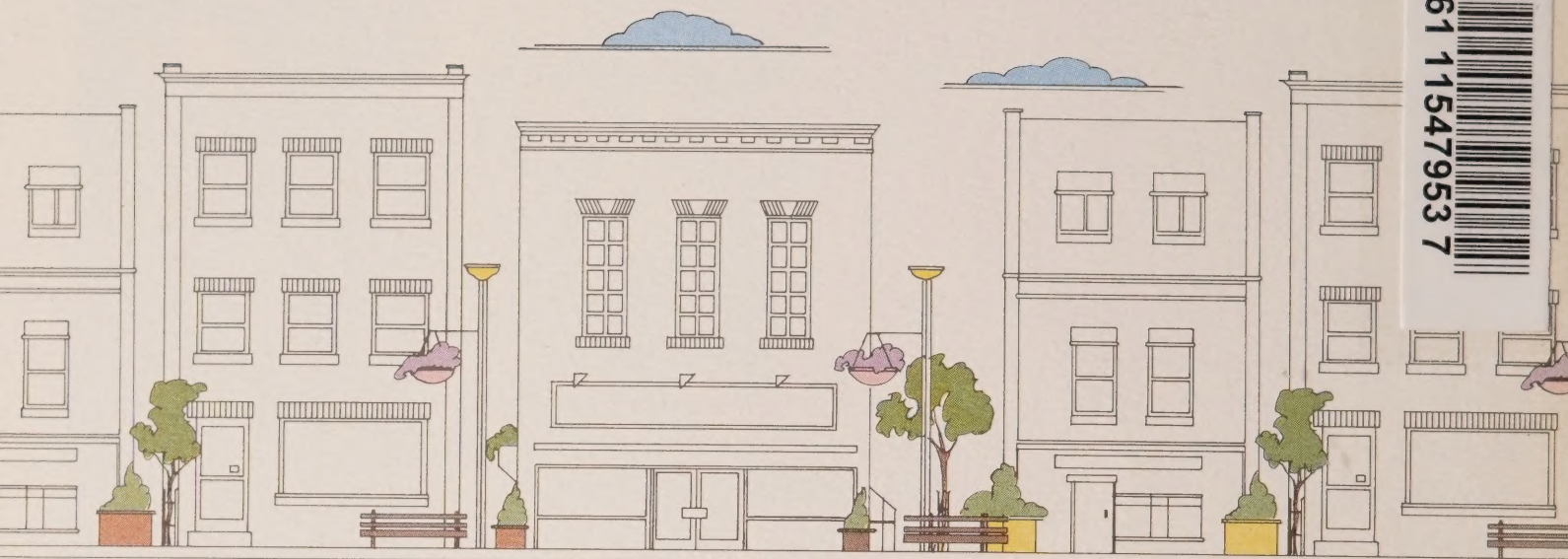
or write: The Community Renewal Branch,
Ministry of Municipal Affairs,
13th Floor, 777 Bay Street,
Toronto, Ontario M5G 2E5.



“It takes a lot of effort and a lot of dedication to make a BIA work. But the results make it all worth while.”

Helen Russell
Manager
Gananoque BIA





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